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DaimlerChrysler Comments on the Draft Bioenergy Action Plan, March 2006
CEC-600-2006-004-D

Docket 06-BAP-1
Bioenergy Action Plan

March 17, 2006

DaimlerChrysler offers the following comments on the Draft Bioenergy Plan prepared by Navigant Consulting.

- **Commitment:** As the report states, the state needs to make a long-term commitment for bioenergy to make successful inroads into California. The investment necessary for developing vehicles to operate properly on biofuels and for the investment in fuel production and the infrastructure that can only be justified through a long-term payback.
- **Public Education:** DaimlerChrysler agrees with the report's statement, "The general public has little knowledge or up-to-date information about the multiple benefits of bioenergy." The last Guiding Principle for State Involvement (p 34) is to promote public awareness of the importance of bioenergy, however, there are no action items regarding this topic.
- **Requirement for a minimum biofuel target for the transportation sector:** The report recommends that the state adopt a minimum biofuel requirement.
 - 1.a. Establish a broad-based RFS for California's transportation sector, targeting consumption of 2 billion gallons of biofuels by 2020 with a minimum of 40 percent produced in California.*

DaimlerChrysler supports a minimum RFS for the transportation sector. As the report states, the RFS needs to be broad-based, without specific requirements a fuel type or blend. Rather, all fuel use should be encouraged and the market should determine which fuels and blends and in what volume are necessary to meet consumer needs.

- **Requirement for ARB to establish fuel specifications:** The report recommends that the ARB establish fuel specifications for the transportation sector.
 - 1.f.4) Establishing necessary fuel specifications for transportation biofuels used in blends and as neat fuels, including low-ethanol blends with gasoline, E85, E-diesel, FT diesel, B5, B20, B100, and biomethane.*

Well-defined fuel specifications are necessary to ensure the proper operation of the engine and to provide the satisfaction of our customers expect.

Specifications Already In Place – The Air Resources Board has already established acceptable specifications for E100 and E85:

Title 13 §2292.3 Specifications for E-100 Fuel Ethanol, and

Title 13 §2294.4 Specifications for E-85 Fuel Ethanol.

Specifications Needed – California specifications to meet OEM requirements need to be established for B5, B20, and B100 until an equivalent or better ASTM or national specification is available.

Biodiesel Feedstock – A renewable diesel specification needs to be performance-based, but not as to restrict the feedstock. The ASTM biodiesel specification D6751 describes a FAME-based biodiesel. Biomass-to-liquid (BTL) fuels are renewable, but cannot meet ASTM D6751 because of the FAME requirement. A possible solution is to identify fuels made from a bio-feedstock that meet ASTM D975 (specification for petroleum-based diesel fuel) as renewable diesel fuels.

E-Diesel – Because of the potential for a flammable mixture in the fuel tank, DaimlerChrysler does not support the use of E-diesel.

- **Recommendation of Use in State Fleets:** The Report recommends that the state take a leadership role in the use of biofuels.

1.i. Direct state agencies to purchase biofuels, bio-based products, and biopower, including combined heat and power where possible, with specific targets for 2010 and 2020. Also, encourage local governments and public institutions to follow the state's lead.

DaimlerChrysler supports the recommendation for the state to purchase biofuels where possible with specific targets in later years.

- **Financial Incentives and Mechanisms:** - The report recommends that the state encourage the investment in biofuel through tax credit and tax exemptions.
3.b. Establish financial incentives and mechanisms to encourage investment in biopower, biofuels, and bio-products, to reward bioenergy producers for the multiple benefits they provide, and to support innovation and investments in new and emerging technologies.

DaimlerChrysler supports the concept of tax incentives and credits for the development of fuel production and infrastructure. We will respond to specific tax and incentives programs.

DaimlerChrysler Comments on the Draft Bioenergy Action Plan

California Energy Commission Workshop, March 9, 2006

Fred Maloney, Senior Manager, Alternative Fuel Vehicle Programs

Good Afternoon, I am Fred Maloney, Senior Manager for alternative fuel vehicle programs at DaimlerChrysler. I would like to thank the Commission for this opportunity to present DaimlerChrysler's views.

Earlier today, Matt Peak presented five CalSTEP recommendations. As a member of CalSTEP, DaimlerChrysler supports those recommendations.

My comments today will be brief. The Draft Bioenergy Action Plan prepared by Navigant contains many thoughtful recommendations which DaimlerChrysler can support, and we will provide written comments.

I would like to address one of those topics, the Action item which directs the Air Resources Board to establish the necessary fuel specifications for B5, B20 and B100. DaimlerChrysler supports the use of biofuels as a means of reducing the dependency on petroleum. We currently approve the use of B5 in our diesel products and ship our Jeep Liberty Diesel with B5. Beginning with the 2007 MY, we will approve for fleet applications, the use of mil-spec B20 in our Cummins-powered Ram Pickup. We are taking this step because we are confident that fleets will use the appropriate fuel. DaimlerChrysler would like to extend the approval of B20 to all our diesel vehicles, but we need to be confident that a quality fuel is available at retail.

We are engaged in determining what those specifications should be and would like to work with ARB and other agencies to establish a suitable specification for all to use with an ultimate goal of a national B20 specification. We believe that well-defined B100 and B20 specifications are necessary to ensure the proper operation of the engine and to provide the satisfaction of our customers expect.

Thank you for the opportunity to provide comments.